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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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Comptroller

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DR. KENNETH M. STONE, CPA
Internal Audit Executive

July 9, 2009

Susan Kopinski, Deputy Director of Finance and Administration
Lambert – St. Louis International Airport
P.O. Box 10212
St. Louis, MO. 63145

RE: Professional Service Agreement AL 805 (Project #2009-23)

Dear Ms. Kopinski:

Enclosed is a report of the quarterly review of the invoices the Central Parking, Inc. submitted for reimbursement for the period July 1, 2008, through September 30, 2008, under Professional Service Agreement AL 805, for the expenses incurred in managing parking facilities at Lambert – St. Louis International Airport.

The purpose of the review was to determine if the Central Parking, Inc.'s operating procedures have adequate controls in place to provide reasonable assurance that the expenses incurred in managing parking facilities at Lambert – St. Louis International Airport complied with the terms and conditions of the Professional Services Agreement AL-805.

Fieldwork was completed on October 13, 2008. Management responses to the observations and recommendations noted in the report have been incorporated in the report, if applicable.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

If you have any questions, please contact Internal Audit Section at (314) 632-4723.

Sincerely,

A handwritten signature in black ink that reads "Kenneth M. Stone".

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

cc: Richard Hrabko, Director of Airports Lambert – St Louis International Airport
Gerard Slay, Senior Deputy Director, Lambert – -St. Louis International Airport



CITY OF ST. LOUIS

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT

PROFESSIONAL SERVICE AGREEMENT AL 805

REVIEW OF INVOICES SUBMITTED FOR REIMBURSEMENT

JULY 1, 2008 THROUGH SEPTEMBER 30, 2008

PROJECT #2008–23

DATE ISSUED: JULY 9, 2009

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
PROFESSIONAL SERVICES AGREEMENT AL 805
REVIEW OF INVOICES SUBMITTED FOR REIMBURSEMENT
JULY 1, 2008 THROUGH SEPTEMBER 30, 2008**

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INTRODUCTION

Background

Professional Services Agreement AL-805 (Agreement) is an agreement between the City of St. Louis, and the Central Parking, Inc. (contractor) to provide management services for the parking facilities at the Lambert – St. Louis International Airport. In addition to an annual management fee of \$684,000, payable to the Contractor, the Agreement provides for the reimbursement of operating expenses of the parking operations incurred by the contractor at various Lambert – St. Louis International Airport locations. This agreement was authorized by the City of St. Louis Ordinance No. 67977.

Purpose

The objective of this review was to ensure the contractor claimed reimbursements for the operating expenses of the parking operations at various Airport locations in accordance with the terms and conditions of the Agreement, and errors are corrected on a prospective basis.

Scope and Methodology

The review was confined to the contractors invoices submitted during the period July 1, 2008, through September 30, 2008.

Exit Conference

The contractor was informed of all the observations during the fieldwork.

Management's Response

The management responses, if applicable, have been incorporated into this report.

OBSERVATIONS

Status of Prior Observations

All observations from prior quarterly reports have been resolved.

Summary of Current Observations

The opportunity exists for the contractor to improve compliance with the terms and conditions of the agreement. The following are the observations resulting from the review.

1. Unsupported and unallowable expenditures (\$4,156.62)
2. Opportunity to report Airport operations expenditures in a timely manner

Each of these observations is discussed in more detail in the *Detailed Observations, Recommendations and Management's Responses* section of this report.

**DETAILED OBSERVATIONS, RECOMMENDATIONS
AND MANAGEMENT'S RESPONSES**

1. Unsupported and Unallowable Expenditures (\$4,156.62)

The following expenses were not adequately supported by documentation or did not meet the criteria of the Agreement to be allowable in accordance with the Section 403 of the Agreement.

Month	Unsupported Expenses	Unallowable Expenses	Total
July 2008	\$ 1.00	\$2,284.38	\$2,285.38
August 2008	-	1,831.24	1,831.24
September 2008	40.00	-	40.00
Total	\$ 41.00	\$4,115.62	\$4,156.62

The contractor did not comply with the terms and conditions of the Agreement.

Recommendation

It is recommended that the contractor provide support for the above expenses or reduce its reimbursement request by \$4,156.62.

Management's Response

The Airport reduced the contractor's subsequent reimbursement request by \$4,156.62; therefore, a response from the contractor was not required.

**DETAILED OBSERVATIONS, RECOMMENDATIONS
AND MANAGEMENT'S RESPONSES**

2. Opportunity to Report Parking Operations' Expenditures in a Timely Manner

Eleven percent (\$48,272.74 of \$459,966.00) of the invoices the contractor submitted during the period July 1, 2008, through September 30, 2008, was more than 45 days old:

Billing Month	Expense Description	Invoice Date	Amount
July 2008	R & M Shuttle	April 4, 2008	\$ 6,195.74
August 2008	Revenue Control	June 25, 2008	41,910.00
September 2008	DOT Regulations	May 20, 2008	167.00
Total			\$48,272.74

Adequate and timely reporting of parking operations expenses are necessary for the Airport to project future parking revenues, determine passenger facility rates and prepare annual budget.

The contractor is not submitting invoices for reimbursement soon after receiving them.

Recommendation

It is recommended that the contractor establish and implement internal controls to ensure that the invoices for expenditures incurred on parking operations are submitted within 30 to 45 days of receiving them.

Management's Response

A response from the contractor was not considered necessary, because the Airport in a memo to the contractor dated February 17, 2009, has stated that if the invoices for the parking operation expenses were not submitted within 45 day of receiving them, they will not be paid.